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Banking, Commerce and Insurance Committee
January 30, 2007

[LB127 LB128 LB130 LB149]

The Committee on Banking, Commerce and Insurance met at 1:30 p.m. on Tuesday, January 30, 2007, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB127, LB128, LB130, and LB149. Senators present: Rich Pahls, Chairperson; Chris Langemeier, Vice Chairperson; Tom Carlson; Mark Christensen; Tim Gay; Tom Hansen; Dave Pankonin; and Pete Pirsch. Senators Absent: None. []

SENATOR PAHLS: Good afternoon. Welcome to the Banking, Commerce and Insurance Committee hearing. My name is Rich Pahls. I am from Omaha and represent District 31. It is an honor to serve as your chair. The committee will take up the bills in the order posted. Our hearing today is your public part of the process. This is your opportunity to express your position on the proposed legislation before us today. To help facilitate this meeting, have your eyes glance over on the white chart, just give you a little bit of direction of what we would like to have some of the processes or procedures. We are asking you to turn off your cell phone. We have an on-deck chair. We need the testifier sheet to be placed in the box in front of me. Typically the introducing senator will make the initial remarks. Then we will have testimony from proponents, opponents, and neutral testifiers. We will strive to give everybody an equal opportunity and time. Typically the closing statement is reserved for the introducing senator. We ask you to begin your testimony by spelling your first and last name for the record. And only written materials may be distributed to the committee members while the testimony is being offered. If you need ten (copies) and you do not have ten, raise your hand. Looks like everyone is well prepared, because we would go make those copies for you. As you follow the other people who testify, we ask you to keep your comments from being too repetitive. And to my immediate right is committee counsel Bill Marienau; to my immediate left is committee clerk Jan Foster; and the committee members will introduce themselves today starting all the way over here if I can get Senator Tom's attention. []

SENATOR CARLSON: Tom Carlson, District 38. []

SENATOR PIRSCH: Pete Pirsch, District 4. [LB127]

SENATOR LANGEMEIER: Chris Langemeier, District 23. []

SENATOR GAY: Tim Gay, District 14. []

SENATOR CHRISTENSEN: Mark Christensen, District 44. []

SENATOR HANSEN: Tom Hansen, District 42, Lincoln County, home of Bailey Yards, largest hump yard in the world. []

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SENATOR PAHLS: That is good because we need all kinds of information to make sure...as you can see, we are spread all over the state so that is a good representation of the state. One of our pages today is Kristine Kubik from Prague, and Cora Micek from Hastings. The committee will take up the bills in the following order: LB127, LB128, LB130 and LB149. The bill before us is LB127 which was introduced by me and all of the members of the Banking, Commerce and Insurance Committee on behalf of the Department of Banking and Finance. My opening on the bill will be limited to now asking our Director of Banking and Finance to come forward to testify on the provision of this bill. John. [LB127]

JOHN MUNN: (Exhibit 1) Chairman Pahls, members of the Banking, Commerce and Insurance Committee, my name is John Munn, J-o-h-n M-u-n-n. I am Director of the Nebraska Department of Banking and Finance. I am appearing today in support of LB127 which was introduced by members of the committee at the request of the department. LB127 proposes to update the loan broker act. The loan broker act regulates those persons who, for compensation, procure, attempt to procure, arrange, or attempt to arrange a loan of money for a borrower. The act requires loan brokers to provide a detailed written disclosure statement to potential clients at least 48 hours before the client signs a loan brokerage agreement. The payment of advance fees to loan brokers is prohibited. So that there is no confusion, please note that the act does not apply to persons who are licensed or registered as mortgage bankers under the Mortgage Bankers Registration and Licensing Act and deal with real estate loans involving one to four family homes. Section 45-191.01 of the act details a list of information that the written disclosure statement must contain. LB127 will add to this list by requiring that the telephone number of the loan broker be included in the written disclosure statement. If the loan broker has an electronic mail address or an Internet address, LB127 will require that such information also be included in the written disclosure statement. Attached to my testimony is a copy of an amendment to LB127 that I would like to offer at this time. After the bill was introduced, further review of the loan broker act indicated that we should have proposed an identical amendment to section 45-191.04. This statute lists the information which must be provided in the loan brokerage agreement itself. Section 45-191.04 would be amended to require that the telephone numbers of the loan broker and its agent for service of process be included in this document. E-mail addresses and Internet addresses, if any, of these two persons are to be added as well. LB127 and the amendment provide for very simple amendments to the loan broker act. They are, however, necessary for effective communication between the borrower and loan broker. I want to express my thanks to the members of the committee for introducing this bill. I will be happy to answer any questions. [LB127]

SENATOR PAHLS: Senator Gay. [LB127]

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SENATOR GAY: I just have a question as far as loan brokers, how many people are we talking about, companies in the state that are operating, doing this? [LB127]

JOHN MUNN: Thirty or so, probably. Loan brokerage became a big topic in the 1980s largely because of the agricultural situation at the time, where people would advertise loans. A lot of that activity seem to be focused out of Minnesota. Today there don't seem to be quite as many offers, but the ones that are coming that create problems tend to come out of Canada right now. It has been within the last 60 days, I believe, a lady lost either \$2,800 or \$4,000 when the loan broker said, well, you need to forward a fee to us and then you will get the money. Well, she forwarded the fee and never heard from anybody again. [LB127]

SENATOR GAY: I have a follow up question. Is this most prevalent in rural areas or urban or is it spread out just everywhere? [LB127]

JOHN MUNN: No. All types of loans, and you may notice, I did not bring a copy with me, but frequently in the listings in the paper, the classifieds, there will be our Nebraska Department of Banking and Finance disclosure alerting people to the dangers of applying for a loan from someone at a distance that you don't know, and it lists our phone number, encouraging them to contact us before they would enter into such a situation. [LB127]

SENATOR GAY: Thank you. [LB127]

JOHN MUNN: You are welcome. [LB127]

SENATOR PAHLS: Seeing no more further questions, thank you, John. Any proponents? Opponents? Neutral? This closes the hearing on LB127. [LB127]

SENATOR PAHLS: The next bill before us is LB128, which was introduced by me and all of the other members of the committee on behalf of the Department of Banking and Finance. My opening on the bill will be limited to now asking our Director of Banking and Finance to come forward to testify on the provisions of this bill. John. [LB128]

JOHN MUNN: (Exhibit 1) Chairman Pahls, members of the Banking, Commerce and Insurance Committee, my name is John Munn, J-o-h-n M-u-n-n. I am Director of the Nebraska Department of Banking and Finance. I am appearing today in support of LB128 which was introduced by members of the committee at the request of the department. LB128 proposes revisions to the Nebraska Installment Sales Act. The Nebraska Installment Sales Act governs sellers of goods and services who finance those purchases on an installment basis as well as those persons who purchase installment sales contracts. Entities which purchase installment sales contracts are generally known as sales finance companies and are required to obtain a license in

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order to purchase these contracts. Sellers who finance their own installment sales contracts do not have to be licensed, but they must comply with the provisions of the act if they want to take advantage of the 18 percent time price differential, which is essentially the same as an interest rate. Currently, there are 241 licensed sales finance companies and 7 pending applications for licenses. LB128 proposes to add two requirements for obtaining a sales finance company license. Under section 4 of the bill, applicants would be required to provide a \$50,000 surety bond for the use of the state and residents of Nebraska who may have claims or causes of action against the company. The bond must be issued by a surety company authorized to do business in Nebraska, and cannot be cancelled without 30 days prior written notice to the department. Section 4 also provides that applicants will be required to have a minimum net worth of \$100,000. Applicants will prove that minimum net worth through audited financial statements, which are already required to be submitted as a part of the application process. Section 5 of LB128 complements section 4 by providing that the surety bond and minimum net worth requirements will be continuing requirements for maintaining a sales finance license. A licensee will be required to submit a copy of its annual audit to the department within 45 days after completion of the audit. If a licensee fails to maintain the required minimum capital, the department is given the authority to issue a notice of cancellation of the license rather than commencing lengthy revocation procedures. Similarly, if a licensee fails to maintain a surety bond, or provide a substitute surety bond, the law will require that the company immediately cease doing business and surrender its license. If the company does not surrender the license, the department is again given the authority to issue a notice of cancellation. Section 5 also contains a grandfather clause for persons licensed prior to the effective date of these amendments. Those licensees will be given until October 1, 2008, to comply with the surety bond and minimum net worth requirements. October 1 is the annual renewal date for these licenses. The Installment Sales Act focuses primarily on disclosure to the consumer of the terms of the contract; it also limits interest charges and other fees. Due to this emphasis, current licensing requirements are not stringent. LB128 has been proposed in part because there has been an increase in the number of inquiries and complaints received, and in part because we believe that a company purchasing consumer finance contracts should itself have a reasonable net worth. There are several reorganizational items in LB128 that I would like to note. Section 4, which amends section 45-346 of the act, has been drafted to include only those items applicable to obtaining an initial sales finance license, while section 5 is a new section containing the requirements for maintaining an existing license. As a result, language relating to the move of a licensee's place of business shifts from section 45-346 to section 5, which, as I noted earlier, includes the ongoing bonding and capital requirements. Section 4 also moves existing language relating to the application fee and licensing period to earlier placement in the statute. The statute should be more readable in that the application requirements are now listed in the first five subsections ahead of the statutory tests for granting a license. The remaining sections of the bill are cross-referencing updates. My thanks to the members of the committee for introducing

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LB128. I would be happy to answer any questions. [LB128]

SENATOR PAHLS: Senator Langemeier. [LB128]

SENATOR LANGEMEIER: Chairman Pahls and Director Munn, I am going to quickly demonstrate my lack of understanding of this. This license is to allow an individual to offer the no payments for six months type lending on furniture or something like that, correct? [LB128]

JOHN MUNN: I am not so sure. Does it have to be regular installment payments? [LB128]

PATRICIA HERSTEIN (audience): For the most part, although the law does give them some leeway. But it's generally (Inaudible). [LB128]

SENATOR LANGEMEIER: Okay. That is what I thought. So when we talk about surety bonds and the net worth, give me an example where that might come into play. I guess, if I am loaning you money and you take my money, I would want to make sure your net worth is going to pay me back more so than worry about what my net worth is or whether I could afford to give you the money. Where does that bonding and that net worth...give me an example where that might come into play? [LB128]

JOHN MUNN: Okay. The net worth could be a factor if you have purchased my loan, you are the one that I look to for a payment performance and following through on other terms of the loan. However, if you experience, as the holder of my note, financial difficulties and choose and are able to sell that note to someone else, I didn't have any say so in that transaction. The minimum net worth requirement should lead the borrower and the department the ability to believe that that entity has staying power that my loan is with. So their loan doesn't get sold, even exported to another state. I know who I am dealing with. As to the surety bond requirement, that is ultimate fallback. I know yesterday we touched on fines that the department levies. It could be true in this situation also. We want to make sure that if a company would go out of business that there is a surety bond there that we can collect from as far as either fines for ourselves or costs or for an individual, a consumer that may have been harmed for some reason. [LB128]

SENATOR LANGEMEIER: Okay. Thank you. [LB128]

SENATOR PAHLS: Senator Pirsch. [LB128]

SENATOR PIRSCH: Just a possible overpayment or a lot of times consumers are not as educated and only after a number of months have passed, years have passed, has it become clear to them that they have overpaid the companies also. [LB128]

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SENATOR PAHLS: Senator Pankonin. [LB128]

SENATOR PANKONIN: Thanks, Senator Pahls. Director Munn, one of the issues that was kind of touched on this morning in general session you may be aware of that, I think that maybe for just our education, these licensed sales finance companies could be effected by the exemption that is proposed in some legislation coming up that would raise...I mean a lot of this lending is what I would consider unsecured lending. [LB128]

JOHN MUNN: No. Usually a security interest would be created in whatever the item. Now if it is a service there is no security to cling to. But if you are buying a snow blower, a four-wheeler, something like that, a security interest would arise out of that transaction. [LB128]

SENATOR PANKONIN: That is true, but I think the point I am getting at, were you aware of the discussion this morning and the bill that is coming up? Okay. That a lot of these companies would be the ones that could be effected because of judgments and if homestead is protected at a higher level could effect the availability of credit for these things. Is that a fair... [LB128]

JOHN MUNN: I think it is, and it presents the decision for a lender in this situation, are they going to continue doing it on an unsecured basis, for instance on services, even though I contract to purchase a service over a period of time, might that lender require some item of collateral to stand in its place. It could, of course, make sense. It might get that type of credit tougher to obtain. [LB128]

SENATOR PANKONIN: That number of 241 was actually higher than I thought of maybe of companies in this area. Okay. Thank you. [LB128]

SENATOR PAHLS: Senator Gay. [LB128]

SENATOR GAY: How do you arrive at the \$150? [LB128]

JOHN MUNN: Largely based on fees that we have for applications from other areas, other industries that we supervise. It has kind of just grown into that. [LB128]

SENATOR GAY: Yeah. So do you review that every couple of years, or every year, annually? [LB128]

JOHN MUNN: Really our fees don't change that often. And we generally would not do that of our own accord. We would look to the Governor's Office for oversight in that area. [LB128]

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SENATOR GAY: Thank you. [LB128]

SENATOR PAHLS: Seeing no further questions, thank you. [LB128]

JOHN MUNN: Thank you. [LB128]

SENATOR PAHLS: Anymore proponents? Opponents? People in the neutral? We will close the hearing on LB128. [LB128]

SENATOR PAHLS: We will open the hearing on LB130 which was introduced by me and all the other members of committee on behalf of the Department of Banking and Finance. My opening will be limited to now asking the director to come forth again. When you are ready, John. [LB130]

JOHN MUNN: (Exhibit 1) Chairman Pahls, members of the Banking, Commerce and Insurance Committee, my name is John Munn, J-o-h-n M-u-n-n. I am director of the Nebraska Department of Banking and Finance. I am appearing today in support of LB130 which was introduced by the members of the committee at the request of the department. LB130 proposes amendments relating to the Nebraska installment loan company act (Installment Loan Act). This act regulates entities which make direct installment loans to Nebraska residents. While once almost exclusively oriented to consumer loans in small amounts, these entities now also make loans that are secured by real estate. Due to the risk that has generally been associated with the loans made by these companies, installment loan licensees are authorized to make loans with an interest rate up to 24 percent on the first \$1,000 of the unpaid principal balance and up to 21 percent on any remaining amount. Each Nebraska office requires a separate license; currently there are 38 licensed locations representing 8 companies. LB130 will provide procedures for the move of an installment loan office. The bill will require the use of an application form and authorizes the department to charge a \$150 application fee. LB130 further proposes that a notice of the application is to be published by the department in a newspaper within the county where the office would relocate. The applicant must pay the publication costs. A 15-day waiting period, from the date of publication, is set before a decision on the move can be made. During that time period, objections may be filed with the department. If the department receives a substantive objection, a hearing in accordance with the Administrative Procedure Act will be held. This procedure mirrors the procedure required for a number of other applications brought before the department, including establishment and moves of branches of financial institutions. As set forth in the department's fiscal note, there have been only a limited number of moves of installment loan licensees, and we are not projecting any large increase. LB130 is proposed to allow for public and industry input before these applications are approved, and to allow the department to cover its costs of processing the applications. I want to close with thanks to the committee for its introduction of this bill. I would be happy to answer any questions. [LB130]

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SENATOR PAHLS: Senator Langemeier. [LB130]

SENATOR LANGEMEIER: Chairman Pahls and Director Munn, thank you. Can you give me an example of what would be an objection? [LB130]

JOHN MUNN: A substantive. [LB130]

SENATOR LANGEMEIER: Yeah, and who might object? [LB130]

JOHN MUNN: Oh, sometimes it might be another licensee. Sometimes there are name issues involved, if a name would be easily confused by the public with another existing office. There may be some conduct of a licensee which is applying that the department, for whatever reason, might not be aware of that the industry might choose to bring to our attention. Those are kind of the common. [LB130]

SENATOR LANGEMEIER: Okay. Thank you. And I have one more. On the maximum rate of 24 percent of the first \$1,000 and 21 percent, when was that set? Do you have any idea? Is that 20-year old numbers or 5-year old numbers? [LB130]

JOHN MUNN: More than 30 years. [LB130]

SENATOR LANGEMEIER: More than 30. I know it is not part of your bill, it is just part of your testimony, and I thank you for the information. Is that something that needs to be looked at over the years as we bounce around through interest rate cycles? [LB130]

JOHN MUNN: As I think was said in my testimony, these loans have a history of having a higher degree of risk than loans that a financial institution might make. However, I am aware of some people that repeatedly do business with a installment loan company and have proven themselves over the years and choose to go back because they are comfortable there. So but I am sure at that time, and I have heard no call for the rate to be either increased by the industry or lowered by the public. I have heard no call for that. [LB130]

SENATOR LANGEMEIER: Just curious. Thank you. [LB130]

SENATOR PAHLS: John, I see no more questions, thank you. [LB130]

JOHN MUNN: Okay. Thank you. [LB130]

SENATOR PAHLS: Proponents? Opponents? People in neutral? That closes the hearing on LB130. Senator Gay. [LB130]

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SENATOR GAY: Good afternoon Senator Pahls and members of the banking committee. My name is Tim Gay. I represent the 14th Legislative District. I am here today to introduce LB149. I will be very brief in my testimony, and there will be others following me to give you some more details regarding the necessity of this bill. What LB149 would do would clarify which entities can legally use the word "bank" as part of their title or in the description of their business activities. Currently law allows only state or federally chartered banks, building and loan associations, savings and loan, and savings banks to use the word. Banking trade associations and nonprofits, such as food banks, are also exempt from the prohibition. Under the bill, subsidiaries and affiliates of banks, as well as organizations substantially owned by banks, could also use the word. LB149 would grandfather any entity that has used the word "bank" in its name prior to December 1, 1975. And I do have testimony that I think will clarify. [LB149]

SENATOR PAHLS: Okay. Thank you, Senator. [LB149]

SENATOR GAY: Thank you. [LB149]

SENATOR PAHLS: Proponents? [LB149]

LARRY RUTH: My name is Larry Ruth. Senator Pahls and members of the committee, it is R-u-t-h, and thank you for holding a hearing on this bill. I have worked with Mr. Mike Cronin of the Modern Banking Systems Inc. on this bill and I want to tell you how it came about. Recently, this is last year now, Mike Cronin with Modern Banking Systems received a letter from Department of Banking and Finance that told him that the name of his corporation, which is Modern Banking Systems Inc., was in violation of a section of law 8-113, and this obviously came as quite a surprise, a shock to Mr. Cronin. This had been a longstanding company and had been a family company even, and he was concerned about it. But fortunately the Department of Banking and Finance said to Mr. Cronin, well, let's see what can be worked out. You have some time, why don't we give you a legislative session to see if the law could be changed to accommodate the concerns, the way that you have your name and how it might be continued. I would like to have you look just a second at the bill, and specifically look at the (section) 8-113. Very peculiar section, and I have looked it up, it goes back to 1923. So it means this public policy has been around for quite a long period of time, and my suspicion is that originally it said something like nobody is supposed to use the name "bank" in your name unless you are a bank, and then they began to see that there are some exceptions that should be made to that. For example, over the years one of the exceptions that has been put in is on line 10, and that would be banks from a foreign jurisdiction, that is supervised by a foreign state agency. Okay. On line 13 they made an exception for bank holding companies, that is those companies that hold banks, that own banks. You ought to be able to use the name "bank" even though you are not operating as a bank. Slipping over to page 3, you find another exception on line 9, which are mortgage bankers. That kind of makes sense. They are not actually acting as

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a bank, but mortgage banking is the name that you give to these people. Then on line 12 is very peculiar one. These organizations that are described in 501(c)(3), now that is under the Internal Revenue Code. That picks up such things as the Food Bank, Community Blood Bank. You can see that there are different companies that use the word bank in their name that aren't really doing banking, but they have to make exception to them because they are really well received and well known in the community. Finally, I found a very peculiar one on line 14, and that is trade associations which have banks in the title. For example, Nebraska Bankers Association, Community Bankers Association, there was an exception for them. Although they may have come under another exception. And then finally at the end this section of law before this bill apparently back in 1963 one time when it was passed, said we were going to through a grandfather clause in and any company that has been around for ten years, we are going to say you have been around long enough that you are probably not disturbing the banking community in terms of any confusion and we are going to allow a grandfather clause for those kinds of corporations. Well, in looking at this with Modern Banking Systems, we thought about several ways that we might legislatively address that, but it seemed to us the simplest way would be to move the grandfather clause up, to reset that, in a sense, and to recognize that there are still some old companies that have the word "bank" in their name, but really have not been causing any particular problem in the community. And, in fact, in the case of Modern Banking Systems, they provide services to banks. And so it is really interesting to see, it is still related to banking, but yet it is not a bank. So this bill, that part of it that we are interested in, would on page 3 line 20 strike "October 1963 and ten years prior" and just say December 1, 1975. Now why do we do that? Well, coincidentally, of course, not coincidentally but on purpose, intentionally, Modern Banking Systems was incorporated in earlier 1975 in November. And so this movement of the grandfather clause would enable Modern Banking Systems to keep using this name. It is our contention that companies like this that would be 25-30 years old should have this kind of treatment. It is actually pretty peculiar to me why the existing law was not brought to the attention when these articles were filed. Right now, if I file a corporation, the Secretary of State tells me if I have a name for my proposed corporation which is confusingly similar to another, and I would be surprised why this was not picked up earlier. But it wasn't, and we come to you with this request. Now there are other parts of the bill, I think, will be addressed by Mr. Hallstrom, because upon review of this proposal by him, he had an idea as to a part of the bill that he thought he would like to expand also. So we will hear from him, and then if you have any questions, of course, I am here now to answer them. [LB149]

SENATOR PAHLS: Larry, I have a question. This brings back memories of last year dealing with an organization that wanted to include the word "bank." Do you see that in this mix? [LB149]

LARRY RUTH: Well, I suppose it is in the mix. Whenever anything is offered is here in

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the mix. If you are talking about an attempt to add credit unions to it, that would be what was attempted a couple of years ago when Senator Quandahl was in the Legislature. I would only say this, that in the 15 or 20 years that I have observed the give and take on this issue of credit unions and banks, about whether credit unions can have the name bank in their name, it has really been a hard-fought issue. I recall the litigation over the years over what is a community of interest. I recall legislative battles over authority of credit unions to hold public deposits, which is a similar related issue. And then like you said, the floor battle on the amendment for the credit unions to use this section of law. I would only say this on your specific question that it is a hard-fought issue. I think that MBS wants this bill passed in its authority to continue its current name. That is very important to it, and that any amendment that would put LB149 into a major industry fight would not be appropriate, we don't think. We would be opposed to that. [LB149]

SENATOR PAHLS: Okay. Senator Langemeier. [LB149]

SENATOR LANGEMEIER: Chairman Pahls, thank you, and thank you, Mr. Ruth. I am going to have you go to the green copy. [LB149]

LARRY RUTH: Okay. [LB149]

SENATOR LANGEMEIER: Page 2, line 25, the second word, derivative of banc is used. Is there a reason that is b-a-n-c, or is that a typo? [LB149]

LARRY RUTH: Well, why don't you ask Mr. Hallstrom because that is in his area. But I think... [LB149]

SENATOR LANGEMEIER: I can see it is also in the new language on page 3, line 7, the third word. But it is also on line 15, on page 2 in the old language as b-a-n-c. [LB149]

LARRY RUTH: It is interesting, because I used to work with a company, I think I was called First Commerce Bancshares, and Bancshares was B-a-n-c-s-h-a-r-e-s. It is kind of one of those trendier, fashionable words that you sometimes use in place of the word bank. If that is the reason that is there, I imagine that is why it is spelled that way. [LB149]

SENATOR LANGEMEIER: Just curious. Thank you. [LB149]

SENATOR PAHLS: Yes, Senator Christensen. [LB149]

SENATOR CHRISTENSEN: Thanks, Senator Pahls. Just a question, with this adjustment we are just taking care of one bank, right? [LB149]

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LARRY RUTH: It is not a bank. We are taking care of a corporation that has bank in the name. Right. [LB149]

SENATOR CHRISTENSEN: I guess I am just trying to think if it is worth while doing legislative stuff for one, and I understand they have a lot of history too. It is just... [LB149]

LARRY RUTH: Sure. Well, I would respond to that by saying that we aren't just taking care of one. If there are any similarly situated companies in that general area that would be picked up, we would be taking care of them too. In answer to your more philosophical question, yes, it is if you are looking at it from that standpoint, it does affect, we know, Modern Banking Systems directly. I would like you to understand from his testimony as to how it effects him, and maybe that would help explain why this bill is still important. [LB149]

SENATOR PAHLS: Senator Hansen. [LB149]

SENATOR HANSEN: Thank you, Senator Pahls. Larry, as long as you are changing the names, would loan agency be the same as a bank? Do you have problem with... [LB149]

LARRY RUTH: You are talking now about a company that provide only loans and doesn't take deposits, for example. I don't know. One of the things that is really important in your process to me and to everybody outside of this room, is the ability of people to know what is being considered down here, and as in with the credit unions it is important that if you can, to the extent you can have a bill introduced that goes right there so that everybody has notice of that. I don't know what loan agencies would feel about it. I don't know what the rest of the community would feel about loan agencies? So I think it would be good to have a separate bill with some of these if you are going to have any expansion of it, that is generally speaking. [LB149]

SENATOR PAHLS: Senator Langemeier. [LB149]

SENATOR LANGEMEIER: Thank you, Chairman Pahls and Mr. Ruth. I am going to ask one more question that you can slide off to Hallstrom. This will give him some time to think about it. (Laughter) Coldwell Banker, a real estate company has a derivative in their name with bank, and I don't see how they would fit into the exclusions. So you can slide that off as...thank you. [LB149]

LARRY RUTH: Well, I am not going to try to do that. Maybe they haven't gotten the letter yet from the banking department. I don't know. [LB149]

SENATOR LANGEMEIER: I may have just started that. [LB149]

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LARRY RUTH: Oh, I hope not, Senator. [LB149]

SENATOR PAHLS: Thank you. Appreciate it. [LB149]

LARRY RUTH: Thank you very much. I would like to introduce and ask to come forward Mr. Cronin. Thank you. [LB149]

SENATOR PAHLS: Okay. Yeah. Yes. [LB149]

MIKE CRONIN: Hello. My name is Mike Cronin, it is C-r-o-n-i-n. I am the owner of Modern Banking Systems in Ralston, Nebraska. I would like to thank the senators and the members of the Banking, Commerce and Insurance Committee for allowing me to sit before you and testify in regards to LB149. Modern Banking Systems was incorporated in Nebraska in November of 1975 by my father, Dan Cronin. The corporation was formed to provide community banks with in-house computerized data processing systems using recently introduced mini computers. During the past 34 years, the company has enjoyed substantial growth and now has 90 employees in 9 states, with customers in 23 states, that range from North Dakota to Texas, Colorado to Ohio. We currently have 72 Nebraska employees, and we provide services to 43 Nebraska banks. Last year we were notified by the Department of Banking and Finance of our violation of Nebraska statute 8-113, which prohibits the use of the word "bank" in the business title unless the business is a bank or meets certain other criteria. The department has chosen to defer their action, and we appreciate them giving us an opportunity to bring this before the Legislature and try and have some legislation to change how the laws currently read. I am sure everyone here can appreciate the fact that changing our name after 34 years of being in business would be very costly to Modern Banking Systems. The financial costs alone associated with changing our name will be very substantial. Worse yet, the undefinable cost associated with the loss of name recognition or branding. Current state statute section 8-113 does not provide allowance for a corporation like Modern Banking Systems to use the word "bank" or "banking" in its name unless it was in existence more than 10 years prior to the date of October 1963. LB149 addressed the changes that I am asking for on the current statutes allowing a Nebraska corporation formed before December 1, 1975 be allowed to use the word "bank" or "banking" in their name. I would be happy to answer any questions the committee members may have at this stage. [LB149]

SENATOR PAHLS: Senator Pirsch. [LB149]

SENATOR PIRSCH: Thank you for coming here today. Could you tell me how many states, again, did you say you operate in? [LB149]

MIKE CRONIN: Twenty-three states. [LB149]

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SENATOR PIRSCH: Have you encountered this same problem or a similar problem in any of those other 22 states? [LB149]

MIKE CRONIN: In some states, yes. [LB149]

SENATOR PIRSCH: Oh, you have. Okay. [LB149]

MIKE CRONIN: Yes. [LB149]

SENATOR PIRSCH: Do you encounter that problem in say Iowa? Is Iowa one of those states do you know? [LB149]

MIKE CRONIN: They do have that same law, I believe, on their books. I am commenting on something I am not entirely positive of. I will say that before I proceed with this. We are registered in the state of Iowa under Modern Banking Systems and file our tax returns and sales tax and everything there, and they don't seem to have a problem with it. [LB149]

SENATOR PIRSCH: You bet, and I don't mean to put you on spot to make you answer things you don't feel comfortable as far as the specifics. But I think that is all I wanted to know. One further question, and you may or may not know the answer, have you been made aware if there is any other companies or similarly type of situated between the dates that this would effect, December 1, '75, October 1963? [LB149]

MIKE CRONIN: I am not specifically aware of any one specific company. There certainly could be some out there. [LB149]

SENATOR PIRSCH: Yeah. Not that you would necessarily be aware of. Yeah. [LB149]

MIKE CRONIN: Yeah, not that I am aware of. [LB149]

SENATOR PAHLS: Senator Langemeier. [LB149]

SENATOR LANGEMEIER: Chairman Pahls. Thank you for your testimony. You have done a great job. Just for clarification as we are going to discuss this b-a-n-c, banking, you have the "k" in yours, correct? [LB149]

MIKE CRONIN: Yes, I do. [LB149]

SENATOR LANGEMEIER: Thank you. [LB149]

SENATOR PAHLS: Any other questions? Thank you, Mike, appreciate it. [LB149]

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MIKE CRONIN: Thank you, committee. [LB149]

SENATOR PAHLS: Proponents? [LB149]

ROBERT HALLSTROM: Chairman Pahls, members of the Banking, Commerce and Insurance Committee, my name is Robert J. Hallstrom, that is H-a-l-l-s-t-r-o-m. I appear before you today on behalf of the Nebraska Bankers Association as their registered lobbyist in support of LB149. Some of you may find it somewhat ironic for me to be before the committee this afternoon trying to protect the good name of banks after the floor discussion this morning, but we certainly think that it is well worth while to protect the integrity of the bank name as provided under section 8-113 of the statute. I will, in the course of my comments, address Senator Langemeier's questions to the best of my ability. But with regard to the bill, Mr. Ruth had contacted us early on indicating that there was a potential need or desire to address amendments to section 8-113. We looked at it internally. We have no objections whatsoever to the Modern Banking Systems coming online to protect the manner in which they have done business now for over 30 years. It is not uncommon to have situations out in the public domain where companies innocently have had the use of the word bank or a derivative thereof incorporated into their name for many years. Rest assured if we have a company that is doing business in a competitive fashion or an inappropriate fashion with the banking industry, that we are probably made aware of it quite quickly, and that is a completely different situation from Modern Banking Systems, which is providing a service to banks itself in the course of its business operations. When Mr. Ruth had contacted us, we also got in touch with the banking department because we had had some issues raised over time since the last amendments were made to section 8-113, at which time, as Mr. Ruth suggested, there were changes made to incorporated protections for bank holding companies and banks that are chartered by foreign states. We had asked the department, and I don't know why we weren't astute enough to think of this when the last amendments were made, but we asked the department whether or not there were any protections for subsidiaries or affiliates of banks under the interpretation of the statute. We were led to believe that there were not, so it occurred to us that we ought to put in that type of protection. Probably not uncommon for a bank to have a subsidiary or an affiliate if it is the First National Bank of Avoca Insurance Agency. It is an insurance agency not a bank, but it is being run as a subsidiary or affiliate of that particular bank. This would provide the protection for those types of activities. Second issue that came to our mind more recently was one in that you have a situation where the banker's bank legislation, that Senator Pahls or Senator Langemeier may be aware of from last year, gave rise to our interest in entities that are owned by a bank or by a combination of banks with significant ownership, interest or control by those banks came up in the light of that discussion. So we also have scenarios under which there are one or more banks that may own an entity that uses the name bank, and therefore we think the protection should be provided in those situations. So we have subsidiaries and affiliates that use

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the name bank or a derivative thereof. We also have entities that may not, banks do have reasons for not having some of their bank-related services provided in a subsidiary or affiliate type of operation. So you may have a perfectly acceptable banking activity done through a nonaffiliate or nonsubsidiary. That would be covered under this, as well as the combination of banks or a single bank substantially owning an organization, likewise neither is a subsidiary or an affiliate. Insurance agencies, title insurance companies, all issues related to banking would be covered under the additional changes, in addition to the grandfather change that is proposed under LB149 by Senator Gay. With regard, Senator Langemeier, to your questions, I am getting close to the closing here, the issue of bank or banc, if you will, b-a-n-c, I have talked with Patti Herstein from the department of banking since you gave me a heads up, it appears that probably sometime before any of us in the room were associated with the banking activities that there apparently is a former banking department director who must have suggested that the term bank or banc is not a derivative of bank and therefore had to specifically be addressed in the statute, somewhat of minutia or technicality, if you will. The second issue with regard to Coldwell Banker, two issues that come to mind, one raised by Ms. Herstein is that the first issue is it is a nationally or federally chartered organization, and so we may have some preemption issues over our ability to restrict how they operate. And the second issue is that Ms. Herstein indicated that Coldwell Banker may actually be the name of an individual, and so the ability of that individual to use their name in the title of a business, I don't think we can restrict eitherwise. I don't know that for gospel or for a fact, but that at least was suggested in the recesses of her memory as the possible explanation for that particular issue. Last issue I would want to address with the committee, Senator Pahls, you have suggested or alluded that there may be something amiss here or afoot with regard to credit union amendments to this bill. I would strongly and respectfully request that this committee take no action if that type of proposal is brought to the attention of the committee. As Mr. Ruth suggest, the issues between credit unions and bank have been longstanding in this body and on the federal level, and there is probably no particular reason why at this late date the issue should be raised. We have fought vigorously any efforts by credit unions in the past to use clearly the name "bank" in describing them as entities, or even more narrowly in using the word "bank" to describe any of their marketing activities or their activities as a credit union. So we would strongly request that there be no action to interfere with the smooth processing of this bill if, in fact, banking bills are going to be smoothly processed this session. But having said all of that, you know, I think procedurally LB149 was introduced on the second day of bill introductions. If a bill was going to be introduced to address or related to the credit union interest in this arena, they certainly could have done so. An amendment could have been posted even after LB149 was introduced and scheduled for hearing to give some public notice and an awareness of an amendment that might be forth coming, or someone could have picked up the call and given us a heads up on it. Obviously I think they knew we would have been opposed to it if it is going to surface today. Hopefully I am being premature and out of line in my comments if there is no such movement afoot, but if there is, we want it to be

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on record to indicate our opposition to any such efforts. Be happy to address any questions by the committee. [LB149]

SENATOR PAHLS: Senator Christensen. [LB149]

SENATOR CHRISTENSEN: Thank you, Chairman Pahls. I guess I am wondering why it comes up as a problem now? I agree that we shouldn't be spending all kinds of money to change the name on a business, but this is kind of a two part question, but why an issue now if it has been overlooked for how many years? [LB149]

ROBERT HALLSTROM: Fair question, Senator, I don't know. It is one of those things that people bring things to your attention or something jogs your memory or triggers a thought that you decide that something ought to be taken care of. Since it is a statute of restriction, I think it is appropriate any time that you can go in to make the change to remedy the situation and to address real life problems that either do exist or could exist. In the situation of Modern Banking Systems, they have been going along fat and happy for many years. Nobody said anything. Obviously somebody pulled the trigger, tripped the trigger on that issue without that complaint or whatever happened at the department of banking arena. Perhaps no need for this legislation, even though the situation still existed out there, but now that it has been brought to our attention, we come in to make the changes. Similarly, two or three years ago when the department came in, prior to that time the issues with regard to bank holding companies and foreign chartered state banks were out there, they existed, and yet there was a need to remedy that situation to make sure that the statute didn't catch someone inadvertently after the fact and force the department to take action that would be a little bit nonsensical as a practical matter. So we look at these things. There are bank insurance agencies that we have become aware of, bank title insurance agencies owned by one or more banks that have come into existence that are not covered by the 1963 grandfathering clause currently, and it just appears to be the best approach to take care of those issues that are not problematic for the banking industry or the department of banking, but deserve the protection and not get caught inadvertently under the statute. [LB149]

SENATOR CHRISTENSEN: Why 1975? Why not move it up to 2007 or put an exemption if someone has got a ten-year history using the name? Because we could come in here, some new company like this move in this next year that was founded in 1980 and we would be doing the same thing again. [LB149]

ROBERT HALLSTROM: Yeah. Senator, and I think you make a good point. Mr. Ruth and I talked about that. I think probably myself and perhaps even the banking department would want to do a little more checking. I think at first blush I might feel relatively comfortable with that in terms of moving that forward, maybe even significantly, because again as I stated earlier, if anyone is out there that ought not to be using the word "bank" that is causing competitive disadvantages or problems in the

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industry, I think we would know about it. So I am fairly comfortable that we don't have that type of a situation. Modern Banking Systems doesn't provide a threat they are out there and so forth. And in fact, I think the other thing that probably provides a greater degree of control and certainty is that in recent years it is my understanding that if someone checks with the Secretary of State to form a corporation, now it may not be a corporation. So somebody could use the word "bank" in a noncorporate setting, but if they have to register with the state and get state approval of their name for an LLC or a corporation, I haven't verified it but it is my understanding that they have indicated to some entities that wanted to use the word "bank" or some derivative thereof that this statute exists and they could not do it. So I think there is better safeguards in place under the incorporation. Now again, somebody could not be a corporation, not have to get anybody's Mother, May I to operate, so that may be a problem. But I certainly think that is worthy of looking at. As I sit here in the chair today not having done research or checked with the banks, I probably wouldn't feel perfectly comfortable, but another day probably would be something that we could fast forward that grandfathering date. [LB149]

SENATOR CHRISTENSEN: Thank you. I just didn't want to go through it again. I have no problem trying to address the issue we have, but just don't think we should try and do it multiple times if we don't have to. [LB149]

ROBERT HALLSTROM: Senator, some days I don't want go through things again either. [LB149]

SENATOR PAHLS: Senator Hansen. [LB149]

SENATOR HANSEN: Thank you, Senator Pahls. Bob, it looks like for a period of ten years prior to October 19, 1963, that makes if 1953. Do you have any idea in your young age October 19, 1963 why in the world they would pick up that date? I mean that is in the middle of month. [LB149]

ROBERT HALLSTROM: I haven't looked back at the statute, Senator. I am assuming what happened as happens is that we may have had...and what is the date that is in there? [LB149]

SENATOR HANSEN: October 19, 1963 for a period of ten years prior to that. [LB149]

ROBERT HALLSTROM: Yeah. I was going to speculate, but that is not the effective date of a bill unless it was adopted during a special session with an emergency clause. I don't think that is the case. It is not three months after the general end. I just don't know. I know Frankie Valli talked about late December 1963 in a song, but I don't know why that would have come up there. [LB149]

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SENATOR HANSEN: In the title of the bill, it is the use of the word "bank." I am going back to this morning's session and just going into your background like was heard this morning. The word "bank" is normally a noun. Can you give us a definition of bank real briefly? [LB149]

ROBERT HALLSTROM: Well, if used as a noun, you would be looking at the issue, I presume, Senator, of calling yourself a bank, using bank in your name to describe yourself. [LB149]

SENATOR HANSEN: But a bank holds something of value. [LB149]

ROBERT HALLSTROM: I am not sure I understand. [LB149]

SENATOR HANSEN: Well, would that be part of the definition of a bank that it holds something of value? [LB149]

ROBERT HALLSTROM: It could be. I don't know if it comes into play in terms of the use as a noun. [LB149]

SENATOR HANSEN: Now earlier in your testimony you said the First Bank of Avoca Insurance company (Agency) would not be held responsible because they are part of a bank and it is an insurance company. It is actually not a bank, but an insurance company. [LB149]

ROBERT HALLSTROM: Correct, or an agency not a company, Senator. I misspoke if I said company. [LB149]

SENATOR HANSEN: Okay. The Coldwell Banker example, that is a surname so Banker would probably be other than it is a federally chartered. If my name was Banker, I could start a company called Banker Cattle Company or something? [LB149]

ROBERT HALLSTROM: That is my understanding. Yes, sir. [LB149]

SENATOR HANSEN: Okay. Isn't the word "banking" as in Modern Banking Systems, isn't banking a verb? [LB149]

ROBERT HALLSTROM: It probably would in that context, Senator. [LB149]

SENATOR HANSEN: I don't see any reason for the name change. [LB149]

ROBERT HALLSTROM: Well, the issue, Senator, is it talks about using it in either your title, and I don't think the statute with regard to the use of the term noun as a bank has to do with whether it is used as a verb or a noun in your title. It is the mere fact of using

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the word bank or any derivative thereof in either your title or as a part of the description of your business activities. So I think in Modern Banking Systems, I could be wrong here, but I think in Modern Banking Systems' situation the problem that they encounter with the statute is it says whether or not they use bank or a derivative thereof in their title as a noun or a verb is irrelevant because it says you can't use the word bank or any derivative thereof in your title irrespective of whether it is a noun or a verb without violating the statute, and Mrs. James, my high school English teacher will probably...she hasn't gotten to her grave, but if she was she would probably roll over in it by now. [LB149]

SENATOR HANSEN: One last question, who sent out the letter? [LB149]

ROBERT HALLSTROM: The letter to my understanding, Senator, I don't have first hand knowledge of this, but I believe that the Modern Banking Systems was contacted by the department of banking. I have not checked into nor would it probably be appropriate for them to disclose to me who might have contacted them to trigger the letter to go, but I am assuming that someone must have... [LB149]

SENATOR HANSEN: All I was concerned about was who they got the letter from. [LB149]

ROBERT HALLSTROM: Yeah, and I don't know that. [LB149]

SENATOR HANSEN: Okay. No, who Mr. Cronin got the letter from. [LB149]

ROBERT HALLSTROM: Oh, from the department. Yes. [LB149]

SENATOR HANSEN: Thank you. [LB149]

SENATOR PAHLS: We think it is a gerund. [LB149]

BILL MARIENAU: A progressive verb used as a noun. [LB149]

SENATOR PAHLS: And see just to let you know in case your English teacher [LB149]

ROBERT HALLSTROM: Thank you. Well, I knew Bill would correct me. [LB149]

SENATOR PAHLS: Well, that is the reason why. He knows I listen over here, I said we. I didn't say me. We will get you...Senator Langemeier. [LB149]

SENATOR LANGEMEIER: Chairman Pahls, thank you. I am getting more English here than I can comprehend right now. Asking preemptive questions worked pretty good once. I am going to ask it again because I know that the banking department doesn't

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typically testify on these bills. But my question is and this will get slid off to others, were there more of these letters sent out at this time or is this the only letter sent out in the last year that we could be finding more people that effects this date? [LB149]

ROBERT HALLSTROM: I could not speak to that, Senator. I am not aware of any, but I would not know firsthand knowledge of that. [LB149]

SENATOR LANGEMEIER: Thank you. [LB149]

SENATOR PAHLS: Okay. Thank you. Senator Pankonin. [LB149]

SENATOR PANKONIN: Thanks, Senator Pahls. As I am listening to the discussion and I think the line of questioning of Senator Hansen just kind of came to me. This is one of these things that...you know, here we are trying to pass a law or bill to change the law, and if there would have been common sense, with all due respect to the banking department, if there would have been common sense applied, this organization is not in the banking business. They serve the banking business. I don't care whether they call it noun, verb, whatever word you did, the common sense would be that these folks aren't taking...are you taking deposits...not taking deposits, not making loans. They are serving the industry, and I think it is unfortunate that we are spending this time, and this may go to the floor and cause more confusion or open up unintended consequences or the date when, you know, unfortunately I think this could have been headed off, and maybe what we need is some interpretation when these situations come up. As Senator Christensen said, if they come up in this time frame, well, what is the time frame. The Coldwell Banker example, they are in the real estate business not in the deposit business. I just think it is unfortunate that we are having to go through all of this when a common sense understanding of what, you know, even though the statute said they are using the name, but they are not in the banking business. [LB149]

ROBERT HALLSTROM: Yeah, and Senator, I certainly think it might be worthy to get together with the department of banking, look at other states' laws to determine if someone has taken a better...this is an old statute admittedly, but maybe to take another look at whether or not there is a more commonsensical approach to take. Obviously, with all due respect to Modern Banking Systems, it doesn't hold a candle to the fact that the Blood Bank or the Food Bank had to come in and get a specific exception to the statute admittedly. But we have what we have and we are stuck with it, and we are trying to make the best of it and address their problem, and also address other issues that just have arisen as a natural course of it. Thank you. [LB149]

SENATOR PAHLS: But the concept of bank gets a powerful name, so I could see why there would be some hesitancy to just letting that name float around. [LB149]

ROBERT HALLSTROM: Yes, and certainly as you see from our testimony and as you

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have seen from our testimony in the past, if there are other bank-like entities or creatures that would like to use our good name or any references thereto, we take exception. [LB149]

SENATOR PAHLS: Okay. I see no more questions, thank you, Bob. [LB149]

ROBERT HALLSTROM: Thank you, Senator. [LB149]

SENATOR PAHLS: Anymore proponents? Opponents? Anybody in the neutral? [LB149]

BRANDON LUETKENHAUS: (Exhibit 1) Chairman Pahls, members of the Banking, Commerce and Insurance Committee, my name is Brandon Luetkenhaus, B-r-a-n-d-o-n L-u-e-t-k-e-n-h-a-u-s. I am the government affairs director for the Nebraska Credit Union League and a registered lobbyist. Our association represents 96 percent of the state's credit unions and therefore 120,000 members/consumers. I am before you today to provide testimony on LB149 in a neutral capacity. Our association strongly supports the concept of prohibiting anyone from using the trade names and logos of financial institutions for deceptive purposes. We understand and support the need for protecting consumers from confusing and misleading solicitations. However, we do have a growing concern over the unnecessary protection of the term banking when it is used as a description of business activities. Terms such as e-banking, online banking, and home banking have become commonplace among the general public when referencing electronic transactions vis-a-vis a financial institution. As a result, some credit unions have coined the phrase online or home banking when referencing such services. The use of the term by credit unions is neither intended to confuse nor mislead, rather they are merely used as a practical matter in the ordinary course of commerce. We believe the intent of section 8-113 of the Nebraska Banking Act is similar to that of section 21-1728 of the state Credit Union Act. Both sections were originally enacted in an effort to prevent those individuals or entities that are not specifically chartered and regulated as a bank or credit union from portraying themselves as such, thereby protecting the public from misleading and/or fraudulent practices and activities. As previously mentioned, affording financial institutions and consumers legitimate protections against unscrupulous business practices is strongly supported by our organization. However, we believe that section 8-113 of the Nebraska Banking Act has gone too far in its prohibition of generally accepted generic terms. We are proposing that this committee consider amending LB149 by adding the language that allows Nebraska's credit unions to use the term "banking" as an appropriate description of business. We have provided the committee with an amendment for your consideration, and I would welcome any questions the committee may have. [LB149]

SENATOR PAHLS: Brandon, give me a half of dozen ways that you would like to use the word "banking"? You say that you want to use banking as used as an appropriate

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description, throw some, give me... [LB149]

BRANDON LUETKENHAUS: Home banking, online banking, essentially our credit unions would use it for that purpose, sir. [LB149]

SENATOR PAHLS: Okay. I am just trying to search all the different ways that you would need to use the word "banking." Just to say we do banking here, is that... [LB149]

BRANDON LUETKENHAUS: Yeah. Correct. They could say, do your banking here, or online banking, home banking. I mean these are generic terms that the general public...it is commonplace amongst the general public. [LB149]

SENATOR PAHLS: Okay. Thank you. Senator Carlson. [LB149]

SENATOR CARLSON: Senator Pahls. Are there any specific instances now in the name where a form of banking is used? [LB149]

BRANDON LUETKENHAUS: No, not in any credit union name. They are prohibited from doing so, and nor would they ever want to do so. Credit unions spend money every year on marketing to differentiate themselves from banks, and we certainly do not want our credit unions, nor do credit unions want to use the word "bank" in their name. I mean that is ridiculous to think so. [LB149]

SENATOR PAHLS: Brandon, I had one more question. I can remember last year, I thought there were some credit unions, they would say using the word banking on an add, am I misinterpreting what I saw on TV? I thought I saw the credit unions using the word banking. [LB149]

BRANDON LUETKENHAUS: Well, some can because if you are federally chartered you can use the term. Our 22 state charters cannot use the term. So this would provide parity. [LB149]

SENATOR PAHLS: Okay. Thank you. So you have no interest of putting bank in a name? [LB149]

BRANDON LUETKENHAUS: No. Absolutely not, and that is why the specific language in there would not call for that. It is a description of service and we would not support that type of use. [LB149]

SENATOR PAHLS: Okay. Do I see any other...Senator Carlson. [LB149]

SENATOR CARLSON: Senator Pahls, thank you. Just help me clear this up, if there is no interest in using the name then kind of explain to me, simplify for me why we want

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the amendment? [LB149]

BRANDON LUETKENHAUS: We want the amendment so that our state-chartered credit unions can use on their web sites, online banking, or home banking and that type of thing, or on let's say a piece of material that they give to their members that say do your home banking at Aliant Credit Union would be a better example. [LB149]

SENATOR PAHLS: Senator Hansen. [LB149]

SENATOR HANSEN: Thank you, Senator Pahls. Brandon, if you want to do that, why don't you use the word credit union in your association, or credit union and continue the differing you and your credit unions from a bank? Why would you want to use the word bank? [LB149]

BRANDON LUETKENHAUS: And there are ways that credit unions have done that successfully, but there are also ways where, you know, if a credit union is going to put on literature, do your banking at Aliant Credit Union, they are not going to put do your credit unioning, I mean, it just doesn't make sense. So that is an example of where credit unions would benefit from this, our state charters would. [LB149]

SENATOR PAHLS: Do I see more questions? Thank you, Brandon. Anymore? Senator Gay. Senator Gay waives closing. This concludes our session on LB149. [LB149]

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Disposition of Bills:

LB127 - Advanced to General File, as amended.
LB128 - Advanced to General File, as amended.
LB130 - Advanced to General File, as amended.
LB149 - Advanced to General File.

Chairperson

Committee Clerk